

February 25, 2016

To: Members of the Banking Committee

Fr: Connecticut Bankers Association

Contacts: Tom Mongellow, Fritz Conway

Re: H.B. No. 5292 AN ACT CONCERNING THE PROTECTING TENANTS IN FORECLOSURE ACT

Position: Oppose

In 2009, the federal Protecting Tenants at Foreclosure Act (PTFA) was signed into law. It was a temporary and emergency measure at the height of the foreclosure crisis, granting tenants, under certain circumstances, the right to finish their lease or be provided at least 90 days' notice before having to vacate a property sold at foreclosure sale. The federal act was sunsetted on December 31, 2014.

Shortly after the Federal Act went into place, its provisions were incorporated into Connecticut law and extended for two years beyond the Federal Act, to ensure that the foreclosure crisis in the State had run its course. The State provisions will sunset on December 31, 2017, as was negotiated with the proponents of the original bill.

House Bill 5292 would remove the sunset and make these emergency provisions permanent.

Recent data shows that the foreclosure crisis is finally subsiding in the State. There has been a twenty-five percent reduction in foreclosures from 2014 thru year end 2015 (Core Logic Year End Report). And importantly, the number of new foreclosure filings is down to pre-2006 levels.

In many instances of foreclosure, properties are not maintained by the borrower and safety violations or blight conditions exist in units leased by tenants. In these situations it's imperative for the new owner of the property to access and fix any situations so the property can be brought up to code, leased and put back on the tax rolls. Often, the properties require major renovations which cannot be accomplished with tenants residing in the property. A ninety day delay in the process (especially if tenants have stopped paying their rent) is a large cost and a deterrent to purchasing and rehabbing these residential properties.

We oppose the bill and it's elimination of the 2017 sunset and urge your rejection of the proposal.